



we care

CREATING A SUSTAINABLE FUTURE

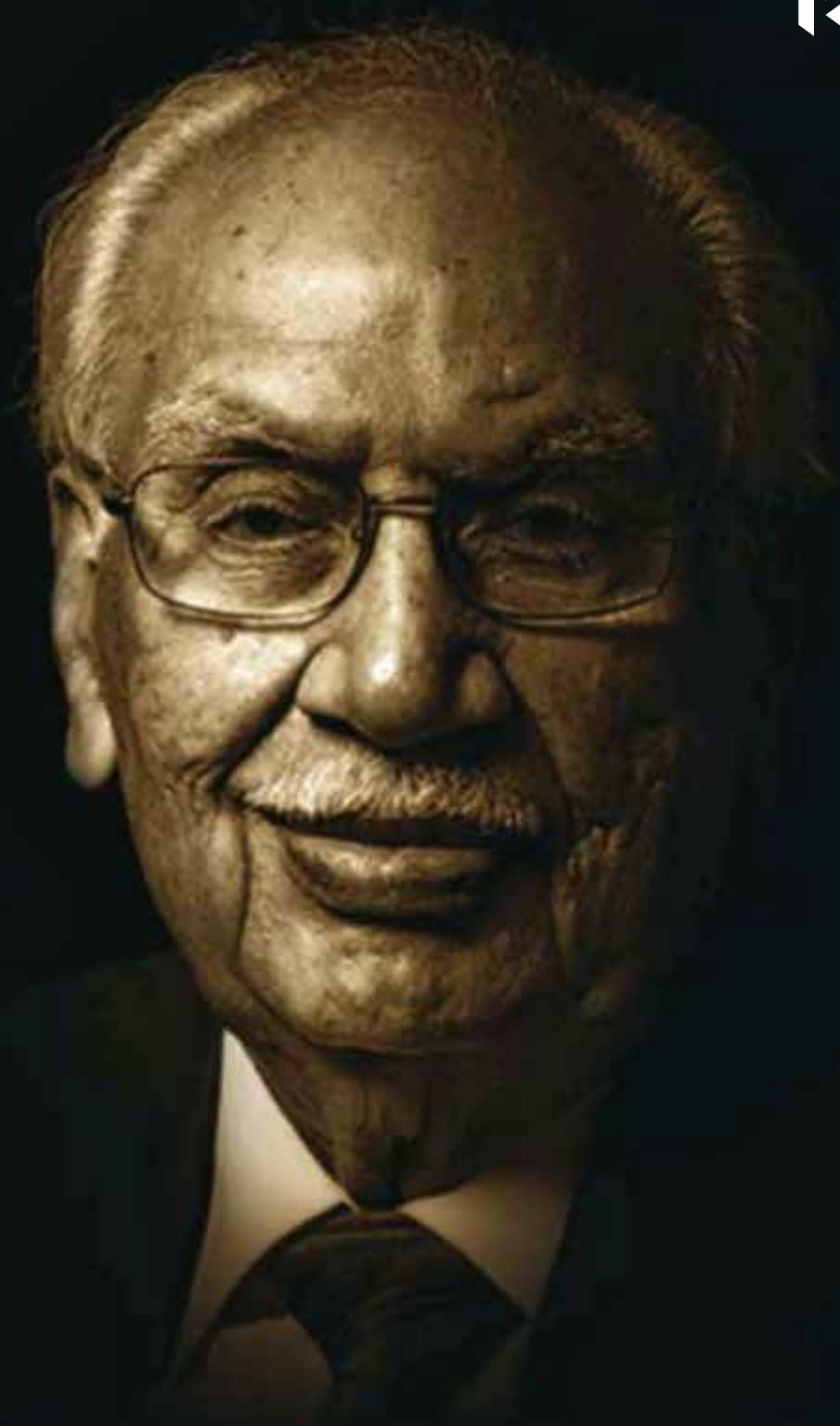


Hero MotoCorp Limited
Sustainability Report 2019
(GRI STANDARDS)

**WE MUST DO SOMETHING
FOR THE COMMUNITY FROM WHOSE
LAND WE GENERATE OUR WEALTH**

Dr. Brijmohan Lall Munjal
Chairman Emeritus

 Hero



MESSAGE FROM CHAIRMAN



We are committed to strengthen our efforts on sustainable business strategies across value chain to create a sustainable future

Dear Readers,

It is my pleasure to present our second Sustainability Report to you. The Report highlights our numerous efforts during the year aimed at maximizing triple bottom-line benefits, which create value for all our stakeholders. During the year, we strengthened our commitment to existing environmental, social and governance efforts while introducing several new initiatives for 'Creating a Sustainable Future'.

As is well-known, the automotive industry has been going through an unprecedented period of slowdown. There have been headwinds not just in the Indian market, but also in our global markets. Despite such a challenging environment, Hero MotoCorp managed to achieve some significant milestones, amply demonstrating the inherent strength of the brand.

During the year, we surpassed 90 million units in cumulative sales since the inception of the Company! At the same time, we further expanded our global footprint and are now present in nearly 40 countries. We also set-up our first R&D centre at a global location – Hero Tech Centre GmbH – near Munich in Germany. This is an accomplishment of our vision of having a global R&D ecosystem.

With a strategic focus on expanding our presence in the premium segment, we launched a slew of premium products like the XPulse and Xtreme range of motorcycles and the Destini and Maestro Edge scooters. In addition to delivering class-defining motorcycles and scooters to our customers, these products have also helped us create more value for our stakeholders.

While we stay focussed on excellence in business operations, the entire organisation has also ensured that 'Sustainability' remains at the core of our business.

From our platinum-rated world-class green manufacturing facilities to CSR initiatives that have immensely benefitted large communities in many parts of the country, to initiatives across the value chain to reduce energy, carbon, water and waste footprints, our sustainability efforts have been successful in creating and delivering value.

In FY'19, we reduced our energy intensity by 4%, thereby positively impacting Carbon emissions. Our water consumption has been reduced by 7% and we achieved waste neutrality of 82% through recycling and co-processing initiatives. We also improved our solar footprint by 24%. Going forward, our long-term vision is to be carbon neutral by 2030.

'Diversity and inclusiveness' have been another key focus area for us, and I have been actively involved in driving it. From employing a workforce comprising of 10 nationalities to surpassing the significant threshold of 1000 women employees this year, we worked on making our entire workforce more sensitive and open. We also conducted programs to effectively capture employee voices to improve our human resource practices.

We are gearing up for a complete migration of our range of motorcycles and scooters into the world's toughest emission norms, BS-VI. At the same time, we are also working on alternative mobility solutions to shape the face of personal and shared mobility.

Innovation will play a critical role in capitalizing on these opportunities. In keeping with this objective, we launched an internal incubator - Hero Hatch - in 2018, where the teams are working on the next generation mobility solutions and alternate business models.

I would like to thank all Heroes – our shareholders, customers, employees and value chain partners - for helping Hero MotoCorp retain the distinction of being the largest two-wheeler company for 18 consecutive years.

Through our operations, practices and products, we aim to create a sustainable future for all our stakeholders and welcome feedback on this report and our sustainability efforts..

Dr. Pawan Munjal
Chairman

MESSAGE FROM EXECUTIVE DIRECTOR OPERATIONS (PLANTS) & CHIEF TECHNOLOGY OFFICER



**Our product & facilities
maintain the highest
sustainability standards
enabling us creating a
sustainable future**

Dear Readers,

As a global automotive player and industry leader in India, we are aware of our role and responsibility in strengthening sustainability in the industry, India, and the world. The report for the financial year 2019 encapsulates the Company's framework, approach, and efforts towards sustainable growth. We would like to continue to maximize the value given to our stakeholders and enrich society at large.

Going by our philosophy 'fear nothing in pursuing excellence' this financial year 2019, we continuously strived to innovate and excel in everything that we did across all our functions. This year, we accomplished more significant sales milestones, introduced numerous new products, extended our manufacturing and R&D facilities, and set the benchmark for being a socially responsible company.

Our continuous thrust on sustainability is evident in our new products and plants. Our manufacturing facilities maintain the highest ecological norms while meeting company goals, helping to build a sustainable tomorrow. Our upcoming manufacturing facility- the Garden Factory at Chittoor reaffirms our dedication to green and sustainable production. We also work closely with our supply chain partners to strengthen the overall sustainability footprint.

To conclude, I would like to convey my heartfelt thanks to our stakeholders for showing seamless trust in us. This is one of the reasons, which inspires us to push our limits and remain competitive in this changing business scenario. Also, I welcome your feedback on the report and our sustainability efforts.

Vikram S. Kasbekar
*Executive Director Operations (Plants) &
Chief Technology Officer*

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ABOUT THE REPORT

Creating a Sustainable future

We invite you to read our second Sustainability Report titled “**Creating a Sustainable Future**” highlighting Company’s future growth avenues. Reporting on triple bottom line performance is Hero MotoCorp’s annual endeavour. Hero MotoCorp (NSE: HEROMOTOCO) has been assessing its sustainability performance from past several years and published its annual sustainability report from FY 2017-18. This report can be found at our website. The report is intended for all stakeholders who are directly or indirectly connected with Hero MotoCorp with an objective of providing sufficient information for an informed decision making.

Report profile

This report conforms to the GRI (Global reporting initiative) Standards, and the disclosures are in accordance with the ‘Core’ option prescribed by GRI. The information in this report relates to the FY 2018-19, i.e. from April 1, 2018 to March 31, 2019.

The scope of reporting boundary includes all our five Indian manufacturing plant sites at Dharuhera, Gurgaon, Haridwar, Neemrana and Vadodara, our Global Parts Centre (GPC) at Neemrana, Centre for Innovation and Technology (CIT) in Jaipur and our corporate office in Delhi. The environment performance data disclosed in the report is pertinent to the manufacturing plant sites, GPC and CIT. The disclosure regarding people performance covers our corporate office as well, in addition to aforementioned facilities.

Data Compilation Methodology

The data published in our sustainability report is collected through various internal reporting systems for inclusion in sustainability report which, for the most part, are different from those applicable to the Financial information presented in our Financial Statements (referred from Financial Statements from Annual Report for FY 2018-19). We have employed systems and practices in place for regular and reliable tracking of various sustainability performance data. We have pointed out any significant limitations in the information presented in the Report, where applicable. In particular, the standards and controls applied used during the preparation of the data can be less comprehensive in comparison, nevertheless we review and update them regularly. We reserve the right to change our internal guidelines regarding the inclusion of data in the Sustainability Report; however same will be clearly communicated at the time.

Assurance

Independent Assurance helps in building credibility and trust with key stakeholders. It also reassures our readers that the information is accurate, reliable and unbiased and covers all topics of material importance to the organization’s stakeholders. This report is externally assured by EY Associates LLP, excluding economic performance indicators, which are derived from our annual reports. The assurance is in accordance with the limited assurance criteria of the International Standards on Assurance Engagement’s (ISAE) 3000. The assurance approach, methodology, and observations are presented in the assurance letter attached at the end of the report.

Suggestions and Feedback

We continuously strive to disclose relevant information to our stakeholders. We welcome any comments and / or suggestions on the report content and flow. Please send your comments to sustainability@heromotocorp.com.



COMPANY OVERVIEW

With innovation at the core of its philosophy, Hero MotoCorp has been at the forefront of designing and developing technologically advanced two-wheelers for customers around the world. It became the world's largest two-wheeler manufacturer in 2001, in terms of unit volume sales in a calendar year and has maintained the coveted title for the past 18 consecutive years.

Hero MotoCorp has taken rapid strides to expand its presence to 37 countries across Asia, Africa, and South & Central America. It is a truly global enterprise with a workforce that comprises of people from different nationalities across the globe.

With over 85 million satisfied customers across the globe, it continues to champion socio-economic progress and empowerment through its range of products and services. At Hero MotoCorp, our goal isn't limited to business but encompasses the broader spectrum of serving humanity through social initiatives.





AWARDS & RECOGNITIONS

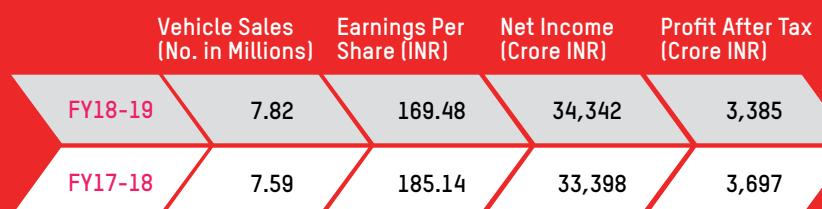
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CII ENVIRONMENT BEST PRACTICE AWARD: GVDP- MOST INNOVATIVE PROJECT	ET 4 GOOD: HIGHEST RATING IN ET 2 GOOD 4 GOOD	EXCELLENCE IN COMPLIANCE OF SAFETY, HEALTH AND WELFARE PROVISIONS	DIAMOND AWARD FOR BEST CSR PRACTICES IN HARYANA



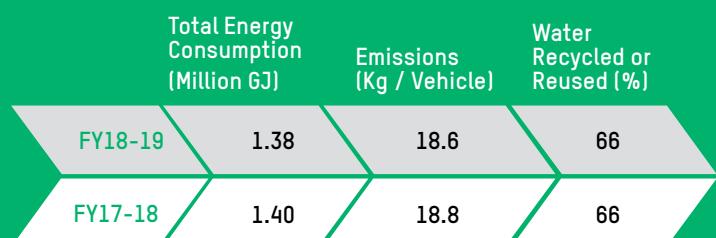
TRIPLE BOTTOM-LINE HIGHLIGHTS



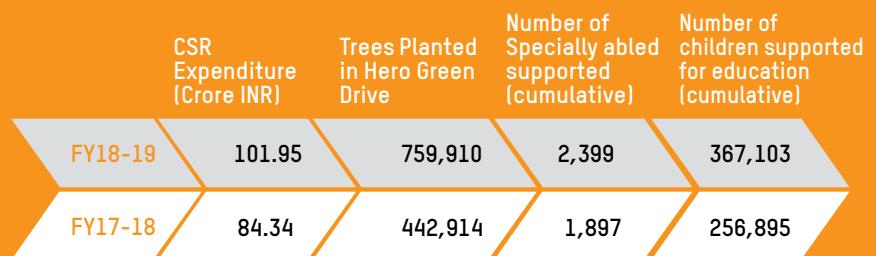
FINANCIAL HIGHLIGHTS



ENVIRONMENTAL HIGHLIGHTS



SOCIAL HIGHLIGHTS





Xtreme 200R



OUR PRODUCTS

To cash in the burgeoning demand in the two-wheeler segment, we have launched Destini 125 and Xtreme 200R nationally, to become the first of its kind to sport the i3s technology in scooters. We also showcased the Hero XPulse 200T at the EICMA Motorcycle Show in Milan. This will allow us to strengthen our premium portfolio, as well as consolidate our position in the fast growing 125cc scooter segment.

Destini 125



OUR OPERATIONS AND GLOBAL FOOTPRINT

Hero MotoCorp is one of the leading Indian automotive company headquartered in New Delhi, India with state-of-the-art manufacturing facilities in India, Colombia and Bangladesh. We have five plants in India and the upcoming sixth plant in Chittoor, Andhra Pradesh. Our state-of-the-art facility Global Parts Centre (GPC) at Neemrana, Rajasthan supplies the parts to our local and global markets. Similarly, Centre of Innovation and Technology (CIT) at Jaipur will now be supported by our first global R&D facility - The Hero Tech Center GmbH in Germany. With this global R&D center, the Company plans to enhance and strengthen technical know-how and product development capabilities. The Hero Tech Center in Germany will also enable the Company to access the tremendous intellectual skills readily available across Europe and merge them with the ongoing operations at the CIT. At Hero MotoCorp, we have already built multiple technological advanced concepts such as Xpulse 200T.

All five of our Indian plants are ISO 9001:2015 and ISO 14001:2015 certified, adhering to the leading management practices pertaining to quality and environment management. Our newest facilities are built using green building criteria and certified by IGBC (Indian Green Building Council). Other major certifications received by our facilities include OHSAS 18001:2007, ISO 45001:2015 and ISO 50001. Our Neemrana plant recently achieved the distinction of achieving certification for Zero Waste to Landfill and we envisage to replicate this achievement in other plants in a phase-wise manner.



MEMBERSHIPS & POLICY ADVOCACY

We engage with our peers through several forums to discuss and adopt best practices for our industry. We also try to garner support for collective action on issues that promote public good. The major associations we engage with are the Confederation of Indian Industry (CII), PHD Chamber of Commerce, Society of Indian Automobile Manufacturers (SIAM) and Gurgaon Chamber of Commerce & Industries. Our approach is to promote Sustainability in partnership with industry associations, like the CII, PHD, FICCI, etc. in order to have a multiplier impact. In addition, we have several initiatives to create awareness on road safety among a cross-section of stakeholders that include governing/enforcement agencies, commuters, corporates, schools/colleges and more.



SUSTAINABILITY STRATEGY

Our approach to a rapidly expanding global marketplace is guided by our conviction that sustainability is the right compass to address long term strategic business goals. Our sustainability strategy is aligned with our mission to be the global enterprise fulfilling its customers' needs and aspirations for mobility. Our consistent focus is on ESG (Environment, Social and Governance) parameters enabling us to create a sustainable future.

We crafted our sustainability strategy through a process of internal and external consultation, benchmarking against peers and alignment with national and global goals.



OUR GOVERNANCE SYSTEM

We are committed to benchmark with the best standards of corporate governance. It is our firm faith that good corporate governance practices are powerful enablers to build trust and confidence and to attract and retain financial and human capital. We believe in – Doing the “right things” in the “right manner”. Our Board has evolved and adopted a Code of Conduct based on the principles of the best management practices that are followed globally. Our Board of Directors is a combination of executive and non-executive directors with more than two-thirds of the board comprising of non-executive directors. The Chairperson of the Board is an executive director and over two-thirds of the board of directors is comprised of independent directors. We have one-woman director on our board who is a non-Executive, Independent Director. The Independent Directors of Hero MotoCorp are well- appreciated individuals in their respective fields and brings an independent perspective on different issues of strategy, performance, risk management, corporate governance and code of conduct.

SUSTAINABILITY GOVERNANCE

Hero MotoCorp's sustainability governance structure has a cross-functional representation with leadership oversight at the Board level. The sustainability strategy has been implemented across all facets of business. The Hero MotoCorp sustainability team has representation from all functions of business. This team regularly reports to the Sustainability Steering Head, who is a C-suite executive advised by various executives from the Advisory committee. The Steering Head monitors the overall sustainability performance and he also acts as the conduit between the core implementation team and the apex body. The core team has proficiency on different areas of sustainability including GRI standards, EHS standards and Total Productive Maintenance (TPM). The team is responsible for the implementation of sustainability initiatives in accordance with the Sustainability Strategy Roadmap for Hero MotoCorp. The team also facilitates sustainability audits, public disclosures in the form of sustainability report, participation in environmental and social awards and disclosures to sustainability rating bodies.

SUSTAINABILITY STEERING COMMITTEE



VIKRAM S. KASBEKAR
Executive Director-Operations
(Plants) & Chief Technology Officer

ENVIRONMENT



VIJAY SETHI
Chief Information Officer,
Head CSR & Chief Human
Resources Officer

SOCIAL



NEERJA SHARMA
Company Secretary & Chief
Compliance Officer

GOVERNANCE

The Sustainability Steering Committee monitors the Environmental, Social and Governance (ESG) performance of the Company. The Committee with its visionary leadership provides strategic overview, assess business risks and identifies future opportunities.

It plays an important role in instilling a culture of sustainable long-term planning and forward-thinking in the organization. Our leadership team drives sustainable practices across our value chain to make sustainability integral to the DNA of Hero MotoCorp and its stakeholders. The Steering Committee regularly reviews sustainability strategy and programs around HATS to ensure our efforts are aligned with the global agenda.



VIKRAM S. KASBEKAR
Executive Director-Operations
(Plants) & Chief Technology Officer*



VIJAY SETHI
Chief Information Officer,
Head CSR & Chief Human
Resources Officer



NEERJA SHARMA
Company Secretary & Chief
Compliance Officer



NEERAJ MATHUR
Head – Strategic Sourcing &
Supply Chain



NIRANJAN GUPTA
Chief Financial Officer



RAJAT BHARGAVA
Head – Strategy & Performance
Transformation & Global Business



MALO LE MASSON
Head - Global Product Planning



SANJAY BHAN
Head - Sales & After Sales



MARKUS BRAUNSPERGER
**

* Appointed as Chief Technology Officer in July 2019

** Former Chief Technology Officer; Moved out of Hero MotoCorp in July 2019

*** Moved out of Hero MotoCorp in December 2019

"At Hero MotoCorp, We believe in maintaining ecological standards along with business standards. Our endeavor is to build on comprehensive strategies around transparency, fairness, integrity, equity and accountability. We work relentlessly to ensure highest standard of ethics and transparency in corporate governance while working closely with the board of directors, external stakeholders, and regulatory bodies. Hero MotoCorp constantly strives to align vision and business strategy with the welfare of all stakeholders.

Sustained efforts of the leadership, Core Sustainability Team, our valuable employees and other stakeholders has contributed to winning several recognitions in the spheres of Corporate Governance, Sustainability, CSR and HR. These recognitions provide us encouragement to improve even more and we strive to become a global sustainability leader."

Leadership Team, Hero MotoCorp

POLICIES

We have instituted several policies and frameworks to ensure ethical conduct of our business, at all customer touch points, among our employees and with our business associates. Our policies ensure that we are always able to engage with our stakeholders in a consistent and justifiable manner. Details of our key policies pertaining to Insider Trading, Quality, Safety, Environment, Related Policy Transactions, CSR and Whistle Blower Policy. Hero MotoCorp has adopted the Code of Conduct for its members and senior executives to provide guidance on tackling issues like conflict of interest, fair dealing, handling of company property and confidential information, insider trading and non-compliance. All these policies are available on our website.

We have a Sustainability Policy which consolidates our efforts towards our sustainability agenda.

HERO MOTOCORP SUSTAINABILITY POLICY

Our approach to a rapidly expanding global marketplace is guided not only by our insights into customers needs and expectations but also by our conviction that sustainability is the right compass to use to tackle long term strategic business goals. Our sustainability efforts are aligned with our mission to be the global enterprise fulfilling its customers'

needs and aspirations for mobility. Our consistent focus is on ESG (Environment, Social and Governance) parameters to enhance Hero MotoCorp's triple bottom line (people, planet and profit).

The company endeavours to provide an engaging environment for its people to perform to their true potential and will continue its focus on value creation and enduring relationships with its stakeholders. We have defined our sustainability vision to act as the guiding light for our sustainability principles and have developed a robust governance ecosystem to ensure continuity and accountability of our commitments.

SUSTAINABLE PROCUREMENT

Hero MotoCorp is committed to its sustainable growth of its value chain. Sustainability aspects is one of the key elements in partner evaluation methodology. Hero MotoCorp shall incorporate Environmental, Social, Governance and Quality (ESG&Q) considerations as a part of its procurement process.

We envisage that our business partners will not only implement necessary policies and procedures at their own company, but they will also monitor its own supply chain to ensure commitment to ESG&Q parameters.

COMPLIANCE

As a leading organization, our major aim is to ensure that we manage our compliances effectively. We have upgraded our e-compliance tool - a web based self-assessment tool which proactively defines and executes the applicable legal and statutory obligations across India. The tool went live in December and automates compliance

management to mitigate human errors reducing compliance related risks. The tool is periodically updated by an independent third-party to ensure the latest changes in statutory and legal requirements are incorporated and adhered to. The tool provides automated alerts and granular task view for the users tasked with compliance

activities and a real-time dashboard to the management for graphical reports. Through this tool and awareness creation on the importance of 100% compliance, we are constantly striving for improved compliance discipline and culture in the organization. A brief snapshot of various compliance is provided in the below figure.

ENVIRONMENTAL	All statutory compliances with respect to preventive maintenance schedule and environmental clearances through respective Pollution Control Board are taken on time. We have installed several systems and equipment in place to become zero discharge, thereby avoiding compliance issues from any of the Pollution Control Boards. A brief on environmental compliance is also included in the agenda for the Board Meetings on a quarterly basis where any non-compliance, show cause notices, orders or any changes in the regulations are reviewed. We have not been levied with any environmental fines during the reporting period.
CSR	We see the provisions of Section 135 of the Companies Act as a means of engaging with our stakeholders rather than a burden. We strive to strategically deploy our CSR expenses to reaffirm our "social license to operate" in the areas where we operate by improving the societal condition around these areas and solving the problems most important to the stakeholders.
HEALTH, SAFETY & HUMAN RIGHTS	With a view to strengthen our safety standards, we have also established OHSAS-18001 standard which ensures beyond compliance with applicable norms related to Factories Act, 1948. During the reporting period, there has been no non-compliances identified related to discrimination, child labor or forced labor.

During the reporting year, there was one case of fine which was levied on account of the challan raised against accident cases in FY 2017-18. Other than this there were no incidents fines or non-compliance with respect to the regulations or voluntary codes concerning health & safety impacts of products and services, product related marketing communications, and product information disclosure and labelling.

RISKS & OPPORTUNITIES

At Hero MotoCorp, we continuously identify, monitor, and mitigate the risk through a well-defined Enterprise Risk Management (ERM). The ERM is guided by the risk management policy approved by the risk management committee. To keep pace with the changing external environment, the company not only considers risk as an integral part of the strategy but also includes identification of new opportunities for the business, sector, and operations. The company analyses risks & opportunities based on the potential impact on the company and external influence. The risks, we believe, could impact our long-term growth are categorized under economic, environmental, and social.

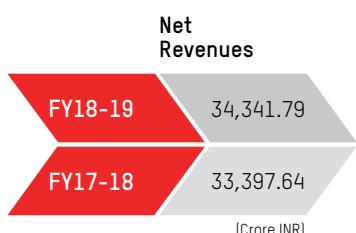
	Identified Risks	Potential Impact	Opportunities	Mitigation measures
ECONOMIC	Fluctuation in foreign exchange and currency prices	Impact on sales in global markets	A high growth rate leading to higher rural and urban income leading to higher private consumption	Exchange rate exposures can be managed by utilising forward foreign exchange contracts
	Growth rate doesn't pick up as forecasted	Direct impact on volumes	Favorable International trade policies	Work towards calibrating demand forecast to boost growth
	Increased cost of raw materials and commodities	A Higher raw material cost will have a pressure on product margins	An appreciation in INR will lead to favorable impact on import content in domestic manufacturing	Due Diligence & effective management for optimized settlements with raw material suppliers
ENVIRONMENTAL	Significant shift in technology from ICE to EV	Current IC engine products volumes can potentially get impacted	New revenue stream from EV products	Sense the evolving customer preferences ahead of competition and introduce new technology & experience to maintain competitive advantage
	Unfavorable regulations from environmental bodies	Compliance to stringent regulations to curb environmental concerns could add to the overall increasing cost of raw material	Systematic plan to follow regulations can provide competitive advantage	Formulation and adaptation of proper mitigation strategy to cater to regulations
	Extreme weather conditions	Decreased demand	Explore new opportunities for innovative product design	Formation of detailed adaptation and mitigation strategy
SOCIAL	Customer preference shifting to shared mobility services	This can have a potential impact on traditional ownership model	Taking part in the shared mobility business can provide early entrant advantage	Understanding the needs of customers and developing shared mobility solutions
	Disturbance of industrial harmony due to labor issues	Interruptions in production and loss of output	An increased brand presence in urban sector could potentially translate into higher volumes in premium segment motorcycles	Regular two-way worker-top management communication, with focus on understanding and resolving issues
	Limited talent pool for new technologies	New technologies would require onboarding suitable talent; inability to hire such talent can adversely impact any organization	Enhancing capacity building opportunities & adopting innovative methods of skill development	Onboarding suitable talent and providing necessary trainings to existing ones

FINANCIAL OVERVIEW

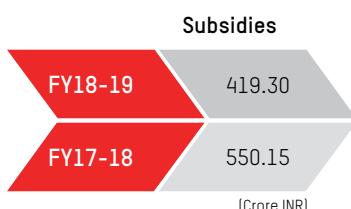
Hero MotoCorp two-wheelers have been the wheels of growth and socio-economic development for over three decades. We continue to contribute towards economic growth by direct employment, job creation in the value chain and empowering our customers through mobility. We constantly aim to strike a balance between economic gains for our shareholders and environmental and social benefits to society, leading to shared value creation in the long run.

Disciplined financial management and controls are critical to ensure long-term success and value creation for Hero MotoCorp. We maintain robust financial controls, a strong dedication to financial returns, and an intense focus on creating value through economic growth, strategic capital spending, and cost-reduction activities. We also ensure transparency in our CSR Spending and tax disclosures to ensure a significant portion of our profits directly benefit society.

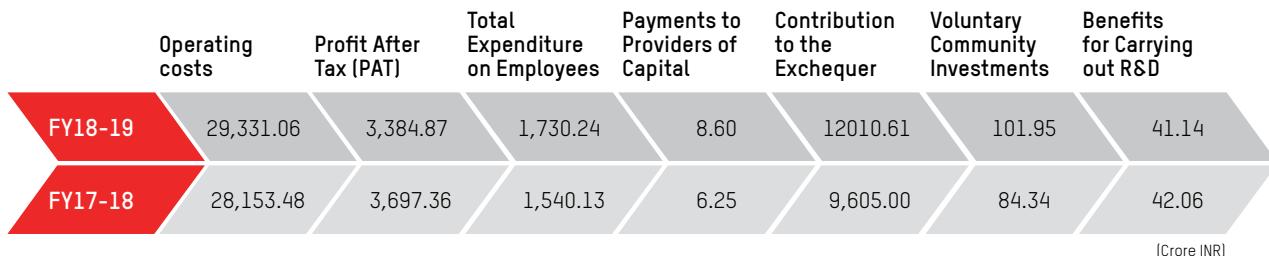
ECONOMIC VALUE DISTRIBUTED



FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT



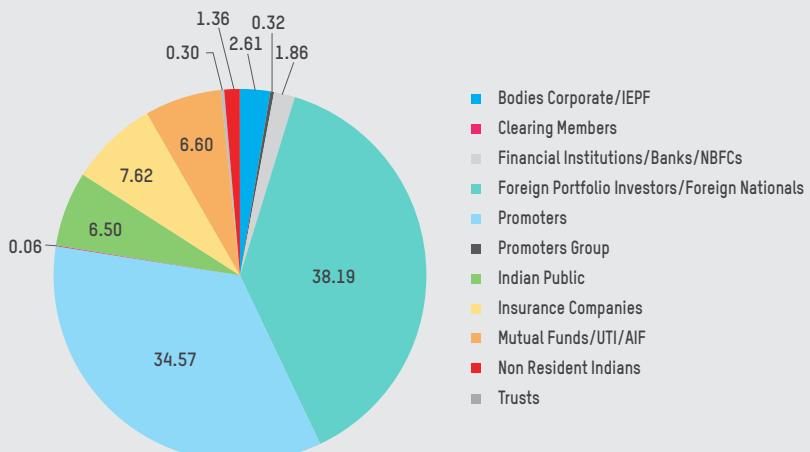
ECONOMIC VALUE DISTRIBUTED



SHAREHOLDING PATTERN

Hero MotoCorp is a public company domiciled and incorporated under the provisions of India's Companies Act, 1956 on January 19, 1984. The securities of Hero MotoCorp are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The exact shareholding pattern as on March 31, 2019 is shown in the following figure.

Shareholding Pattern as on March 31, 2019



TAX TRANSPARENCY

Acting with integrity in the creation and execution of our tax strategy, policies and practices is absolutely core to our approach to tax, as is our commitment to transparency. We disclose our financial contributions to governments at a country level, as we believe this is an important way to demonstrate that it is possible to achieve an effective balance between a company's responsibilities to society, through the payment of taxes and its obligations to its shareholders.

For any business, an increase in taxes paid equates to a reduction in the profit available to invest in future growth or in returns to shareholders. The interests of the individual pensioner, saver and shareholder could therefore be seen to be in conflict with the interests of an individual citizen. However, we believe that it is strongly in shareholders' interests that companies fully acknowledge their responsibilities to wider society, including the payment of all taxes due under effective tax regimes. We also recognize and value the benefits for society that arise from well-functioning taxation systems.

Hero MotoCorp strives to ensure that commercial transactions are in full compliance with the law. Tax incentives and exemptions are claimed to the extent legitimate. The Company's affairs are transformed in most tax-efficient ways and where the law or regulation, as the case maybe, is ambiguous or conflicting, appropriate expert internal and external professional advice is sought before taking a call on the same.

Hero MotoCorp's effective tax (32.45% in FY19 and 29.50% in FY18) is generally lower than India's applicable corporate tax rate of 34.944%. This is due to various non-temporary deductions including deduction for research and development concessions and earnings from investments which are subject to lower tax rates.

Chief Financial Officer holds the responsibility for tax at the Board level and communicates with and advises the Board on the tax affairs and risks of the Company with support from the Company's highly qualified and professional corporate tax team including consultants. Risk mitigation is carried out by taking strong technical positions in accordance with the applicable laws. Material tax risks or disputes are reported to the Audit Committee for its consideration. This review includes assessment of probabilities of different outcomes, cash flow and reputational impact.



LOCAL PROCUREMENT & HIRING

We encourage sourcing locally, be it for manpower, components or materials. We support a large number of MSME enterprises which employ thousands of persons locally. We have a fine balance of local and international employees to ensure employment creation in proximity of our operations, while at the same time revitalizing our intellectual capital by hiring the best talents available globally. We employ people from various countries including Germany, France, Italy, Austria, Japan, UK, US, Colombia and Bangladesh.

STAKEHOLDER ENGAGEMENT

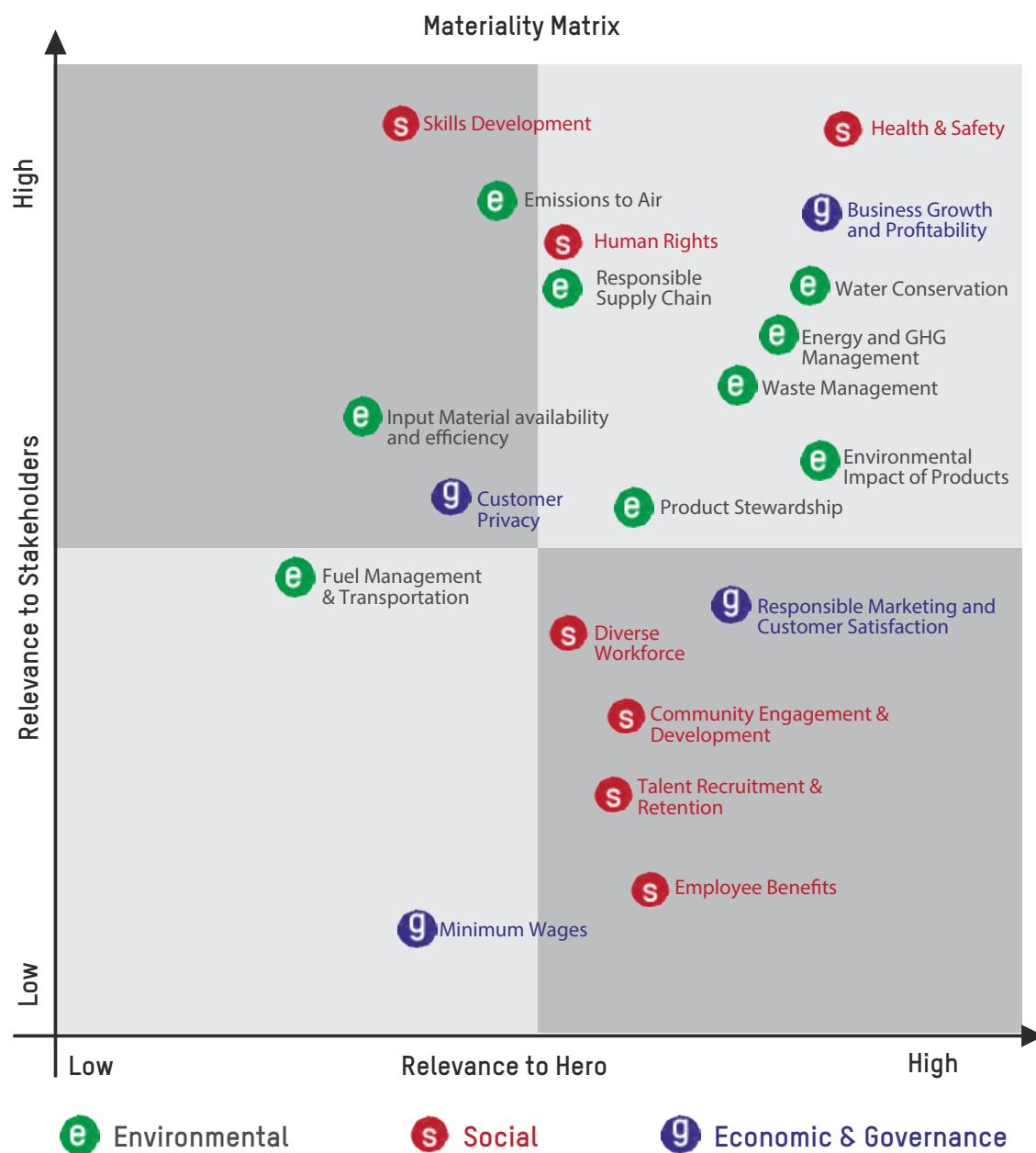
To build trust with our stakeholders, we are proactively engaging with our stakeholders and taking steps to alleviate their concerns and incorporate their valuable suggestions. We communicate regularly and transparently to ensure the best possible information is easily accessible for our stakeholders spread across the world. The key stakeholders regularly engaged by us are as shown in the infographic below.



MATERIALITY ASSESSMENT

In 2017, we conducted our materiality assessment with the help of an independent third party. Materiality assessment helps us to identify and prioritize key sustainability issues from the business and stakeholder perspective. The essence of materiality definition is akin to the accounting definition wherein important issues to the business become essential to monitor and report. To deliver long term value in the volatile external environment and changing stakeholder expectation, the Company reviews its material issues on a continuous basis. During the reporting period, the Company conducted internal stakeholder consultations to

re-validate the significant material topics reported in 2017-18. Through multiple channels, the Company has organised structured stakeholder discussions with management personnel from different functions who represents the voice of external stakeholders, to evaluate the significance of the potential material issues. Basis discussions with internal stakeholders, Human Rights, and Business Growth and Profitability turned out to be much more relevant now both to the Company and to the stakeholders. The degree of relevance for the remaining parameter was the same as reported in 2017-18.





SUSTAINABILITY PILLAR : ECO EFFICIENCY



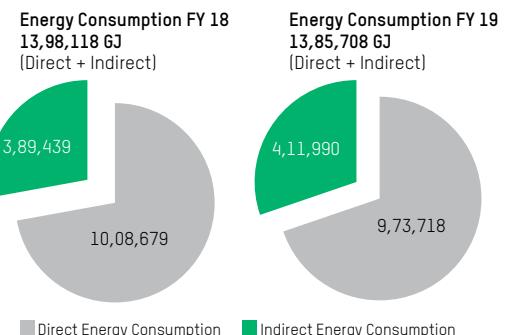
At Hero MotoCorp, we believe in sound and sustainable environmental practices. Since inception we have cared for the environment and our environment management aims toward ensuring that the ecosystem services in areas where we operate are protected and maintained for equitable use by future generations. Under the sustainability pillar – eco-efficiency, we strive to improve our performance with respect to water, energy, material consumption, waste generation and air emissions. The same is briefly explained in the following sections through our environmental performance data and few selected case studies.



ENERGY & GHG

We meet our energy demand through grid-electricity, natural gas and solar power. Natural gas has lower emissions and doesn't leave any solid and liquid wastes. For power back-up, we have installed DG sets at our plants. In our operations, a good energy indicator of energy consumption is determined by the number of vehicles produced. Hence, 'energy intensity' of our production processes is determined in terms of units produced. Our energy consumption has reduced from 0.187 GJ/ Vehicle in FY18 to 0.176¹ GJ/Vehicle in FY 19.

We also manage our environmental footprint by reducing the impact of direct emissions of GHG from workplaces and indirect emission of GHG from the energy consumption and electricity. To reduce logistics emission, we are also working towards efficient transportation and scheduling of inputs and finished goods. This includes employee commute by using shared company transportation and work collaboration through video, voice and web-conferencing services.



¹Excludes GPC for FY 18-19.

Direct Energy Consumption					
Fuel Type	Consumption FY18-19	Consumption FY18-19 (excluding GPC)	GHG Emissions (tCO2e) FY18-19	Consumption FY17-18	GHG Emissions (tCO2e) FY17-18
HSD (Litre)	41,33,072	41,12,192	10,910	40,34,294	10,649
Propane (Kg)	5,59,091	5,58,020	1,678	9,52,430	2,859
FO (Kg)	-	-	-	12,821	35
Natural Gas (SCM)	1,86,06,910	1,85,96,844	37,595	1,92,22,420	38,838
Solar Power (kWh)	74,29,263	6,692,265	-	55,71,808	-
Indirect Energy Consumption					
Grid Power (kWh)	11,44,41,794	10,88,18,030	93,842	10,81,77,518	88,706

ENERGY SAVING PROJECTS



SOLAR POWERED SMART TREE

Hero MotoCorp has installed in front of the Admin Block. The solar panels are arranged in tree styled arrangement, with Azimuth Tracking system, where solar panels rotates according to sun's daily movement and hence is more efficient than fixed type solar panels.

CANTEEN DISH WASHING MACHINE USING SOLAR THERMAL

Hot water generated from Solar Thermal installation at Gurgaon plant is being used for supplying hot water to the Canteen Dish Washing Machine. The installed solar dish has low aperture area which results into higher thermal efficiency in comparison to a single big dish. The dish has been certified by National Institute of Solar Energy (NISE).

ENERGY EFFICIENT HEAT PUMP

The existing electric heaters in the Crankshaft Washing machine were replaced by energy efficient compression type heat pump, which releases more heat and consumes less amount of energy, resulting in energy savings.

WATER

For all our facilities, we have achieved zero discharge status. To reduce our dependency on external water source, we use innovative techniques. The amount of water withdrawn and recycled is shown in the following table

Water usage	Units	FY18-19	FY18-19 (excluding GPC)	FY17-18
Total water withdrawal	KL	10,56,447	10,29,633	11,00,203
Water recycled or reused	KL	6,94,697	6,79,209	7,30,132
% of total water withdrawal recycled or reused	%	66	66	66



AUTOMATED WATERLESS SOLAR MODULE CLEANING

With the philosophy of 'Being Right for the First Time', Hero MotoCorp has found a solution for cleaning its solar modules installed in Rajasthan, an area which is water scarce and dust prone. For the solar plant to generate efficiently in dust prone zone, frequent cleaning of solar modules is extremely important and requires around 20-30 KL of water annually per MW solar Power plant capacity.

Our Automated Waterless Solar Module Cleaning uses nylon brushes instead of water for cleaning the modules. The equipment covers the complete solar array and is powered by direct current motors which are energized by solar power (refer to the image). The system is currently already installed at CIT, Jaipur and is saving water annually.



WATERMAKER – WATER FROM AIR

As part of Sustainability Strategy focusing on water conservation, Hero MotoCorp has installed WaterMaker at its Vadodara Plant, Gujarat. The Water-Maker solution uses a unique technology of optimized dehumidification to extract and condense moisture present in the air to produce purified drinking water. Unlike RO and desalination systems that waste 70% of the water as reject water, there is no water wastage and each unit can generate RO quality water. After successful deployment at our plant, we are exploring the feasibility of installing the WaterMaker at remote locations through our CSR initiatives.

MATERIAL

We strive to provide the same or better quality and performance from our vehicles while rationalizing the material consumption, especially for virgin materials. Preference is given to recycled or recyclable inputs wherever possible. The table provides the consumption of major raw materials during the last two years.

Aluminium and Steel provide us the opportunity to use second-life materials in place of virgin materials in few of our components. The amount of recycled inputs used by us are provided in the table.

Material consumed	Units	FY18-19	FY17-18
Steel	Tonnes	654,941	652,574
Aluminium	Tonnes	172,121	173,000
Rubber	Tonnes	37,949	38,903
Plastic	Tonnes	51,010	48,909
Paint & Thinners	KL	25,119	24,361
ABS	Tonnes	17,467	16,940
Engine & Shocker Oil	KL	12,907	10,119
Non-Ferrous	Tonnes	19,399	18,814

Material	Recycled inputs used in FY18-19 (tonnes)	Recycled inputs used in FY17-18 (tonnes)
Aluminium	1,01,550	98,778
Steel	42,076	40,956

WASTE

Hero MotoCorp has a long vision to achieve waste neutrality by next decade. Our large proportion of products are made of metal. These products have inherently recyclable content. Therefore, we don't have solid waste as a major issue at our facilities. We recycle 69% of the process treated water for use in plant operations and remaining is used for horticulture activities. All our units have systemized water-management system that conserves, harvests, and reuses and recycles water.

NON-HAZARDOUS WASTE

The non-hazardous waste generated at our plants comprises of metal turnings and rejected metal or plastic components. The amount of non-hazardous waste generated in two years is shown in the table:

Non-Hazardous Waste Generated	Quantity FY18-19	Quantity FY18-19 (excluding GPC)	Quantity FY17-18
Al. Scrap (Tons)	3,683	3,681	3,660
Steel Scrap (Tons)	4,711	4,631	5,066
Packing Material (Tons)	1,924	1,708	1,390

HAZARDOUS WASTE

The hazardous waste generated at our plant comprises of waste oil, ETP Sludge, DG and compressor filter and paint-chemical scrap. All our units have sewage-treatment plants, effluent-treatment plants, waste food- treatment mechanism, oil conversation and paints conservation methodologies. We ensure to handle all hazardous waste in compliance with local regulations. The amount of hazardous waste generated in two years is shown in the table:

Hazardous Waste generated	Quantity FY18-19	Quantity FY17-18
ETP Sludge (Kg)	7,96,119	7,36,990
Paint Sludge (Kg)	12,30,094	17,72,289
Grinding Sludge (Kg)	2,58,933	2,40,952
Phosphate Sludge (Kg)	47,308	33,412
Incineration Ash (Kg)	22,420	75,263
Used Oil (Liters)	66,640	59,442

ZERO WASTE TO LANDFILL (ZWL)

Our commitment towards sustainability efforts to demonstrate Garden factory theme "Sustainable Plant- Sustainable Planet" & "Manufacturing Happiness" is fulfilled by using Zero Waste to Landfill approach, which was taken up by Neemrana as a challenge in April 2018. The activity involved baseline data collection and documenting the whole initiative into a structured Zero Waste to Landfill handbook comprising of legal aspects, planning, identification and execution of improvement projects with current practices as well as proposed methods of disposal, input waste segregation for all types of wastes which includes hazardous and non-hazardous wastes after study of all process and sub processes of plants.

The effort of ZWL underwent certification process benchmarked with international practices which focused on Reduction of waste at source, Regulatory compliance, Mass balance & Mass flow cost accounting. Neemrana Plant achieved Zero Waste to Landfill for diversion rates more than 99% after pre-assessment and final certification audit from source generation to end disposal.



Implementing a zero waste to landfill program resulted in not only efficiency in manufacturing processes but also save physical and financial resources through converting waste in to resource for others and reuse as raw materials

ELIMINATION OF SINGLE USE PLASTIC

Hero MotoCorp took the challenge of elimination of "Single Use Plastic" from its operations after commitment of our CMD Sh Pawan Munjal to ban the single use plastic by Feb 19 in one the Town Halls in Jan 2019.

The company undertook Large scale efforts to eliminate single use plastic at companywide level. In this efforts we did not limit ourselves to carry bags, water bottles, straws, disposable plastic plates and cutlery etc but went beyond to inventories the single use plastics used in the products and parts packaging both in inbound and outbound materials and products.

The company eliminated use of approx. 20% (5.0 Metric tones/ month) of its single use plastic single use plastic from its operations. The remaining plastic packaging either converted to re-usable/ returnable or recyclable plastic with EPR declaration as per the Plastics Management and Handling rules 2016.



AIR EMISSIONS

In our manufacturing plants, the process vents and the usage of fossil fuel generates air emissions load of SO_x, NO_x, and Particulate Matter. We monitor air emissions NO_x, SO_x, and particulate matter to keep emissions below the permissible limits. The details of air emissions from manufacturing plants is given in the following table:

Emissions	FY18-19	FY17-18
NO _x Load (Tons)	348	357
PM Load (Tons)	73	77
SO _x Load (Tons)	40	33

OZONE DEPLETION AND VOCs

We are taking initiatives in reducing our ODS footprint at all our facilities. We are replacing our old air conditioners with new environmentally friendly air conditioners. These air conditioners use R410 gas and do not harm the ozone layer. We have also switched to five-star rated air conditioners and have made improvements through centralized refrigeration at all our facilities. We are in a transition phase of safer technologies. The ODS footprint of last two years has been shown in the following table:

Ozone-depleting substance emitted by the organization	FY 2018-19 (Kg CFC-11 equiv.)	FY 2018-19 (Kg CFC-11 equiv.) (excluding GPC)	FY 2017-18 (Kg CFC-11 equiv.)
R22 Freon Gas	34	34	20
R22 Maftron Gas	32	30	21

We are also working towards the unique concept of Regenerative Thermal Oxidizers (RTO) to control the release of Volatile Organic Compounds (VOC). RTO treats VOCs before letting them into the environment. We have introduced this concept at our plant in Vadodara, Gujarat and trying to extend this technology at all our facilities.



RTO (REGENERATIVE THERMAL OXIDIZER)

Flue gases coming from baking oven of paint shop contains large amount of VOCs, which although non-toxic in nature but inhaling for long time can cause various health problems. The flue gases are treated in an RTO system by passing them through combustion chamber at a high temperature of 850°C approx. and then converted into CO₂ and water vapour which is then released into the atmosphere.

SUSTAINABILITY ACROSS VALUE CHAIN

Hero MotoCorp is committed towards promoting sustainability across its value chain. Through collaboration with our business partners, we aim to enhance business relationships, ensure the highest quality standards and create a sustainable supply chain. We view our suppliers and business partners as an extension of our global enterprise and an integral part of our company's long-term success.

Through collaboration, we would like our business partners to gain full understanding of our expectations towards sustainable development and good corporate citizenship, to assure legal compliance at all times, and to work together with Hero MotoCorp in the spirit expressed in these sustainable procurement guidelines. Our expectation is that our business partners/suppliers will not only implement necessary policies and procedures at their own company, but they will also promote and ensure the same responsible behaviour in their own supply chains.



SUSTAINABILITY PILLAR : RESPONSIBLE VALUE CHAIN



SUSTAINABLE PROCUREMENT

Hero MotoCorp is committed to implement sustainability best practices in the entire value chain. Our value chain partners play a vital role in our commitment towards sustainability, as a major portion of our manufacturing takes place outside our boundaries. We have adopted a holistic approach towards supply chain sustainability which includes productivity improvement, technology up-gradation, Green vendor and green dealer development programs and implementing benchmark trendsetting sustainability practices. We have recently rolled out the Sustainable procurement guidelines to clearly and transparently communicate our expectations from value chain partners on aspects such as environmental management, human rights and labor practices, compliance, governance practices and information confidentiality.

Several initiatives are undertaken by our strategic sourcing and supply chain, vendor development and sales teams to strengthen sustainability performance on Hero MotoCorp's value chain. Few of the key initiatives during the year were as follows:

- Operation excellence Program along with ACMA covering 52 suppliers was initiated in FY 2018-19. A roadmap has been prepared for improvements to improve the plants through 5S, Quality Circles, Planning and delivery improvement.
 - Leveraging industry experts such as ACMA and CII to upgrade the current supply chain to be future ready
- through inclusive learning by means of Basic and Advance Hero Supplier Excellence cluster program. Through this initiative we have touched multiple Tier 1, Tier 2 suppliers and achieved remarkable improvement in Productivity, Quality, and Delivery aspect of the business.
- 20 new Suppliers plant were added in Green Vendor Development
- Program (GVDP) on World Environment Day i.e. June 5, 2018. A new initiative was also undertaken under GVDP i.e. De-Risking of Supply Chain Partners (SCP) from major fire & Safety hazards. 10 New suppliers were enrolled for new parts quality upgradation for direct-on-line supplies in Program SCOPE (Supplier Certification of Parts Excellence), in FY 2018- 19.



LOGISTICS IMPROVEMENTS

- A third-party Logistics Company (3PL) was hired in the Dharuhera plant and it is already working successfully in Haridwar and Neemrana plants which resulted in optimisation of trips and subsequently in reduction of emissions. In order to improve IBL efficiency, Double Deck Truck Concept has been introduced at Neemrana plant which will further reduce Carbon footprint on selected routes.
- New Packing Concept of Foldable Large Container (FLC) implemented for long haul transportation for parts like cylinder block and other items resulting in higher volume utilization of inbound vehicle and reducing trucks requirement
- New truck designing concepts like side unloading and double decking implemented in logistics which benefit in better loading / unloading turnaround time and vehicle volume utilization. Alternate fuel usage is being encouraged in the inbound logistics operation. CNG vehicles are being introduced in IBL operation in Dharuhera to reduce the logistics related emissions.

CUSTOMER SATISFACTION

Customer experience has always been our priority and we believe in delivering high quality product and services. We also recognize the value sensitivity of the average customer, therefore, despite the highest quality standards, our spare parts are priced in an affordable manner to lower the parts replacement cost of our customers. To enhance customer experience, we participate in different surveys and assessments, which are carried out by third party experts from the automotive sector.

DIGITAL LAUNCH OF HERO'S LATEST OFFERINGS

Hero MotoCorp has hosted a one-of-its-kind digital launch of some of the latest offerings to all domestic dealers and global distributors. In a distinctively unique format, it created first of its kind interaction reaching out to a huge audience across 40 countries.

This provided a chance to witness one of the most innovative and futuristic product launches.



PRODUCT QUALITY

In FY 2019, J.D Power conducted a study "The 2019 Two-Wheeler Initial Quality Study (2WIQS)". This study is based on evaluations from 8,905 owners who purchased a new two-wheeler vehicle between March 2018 and October 2018. The study included 85 two-wheeler models from nine companies and covered 45 cities across India. The study measured problems owners experienced with their new two-wheeler during the first two to six months of ownership. In this study, one of our products featured in the top of the list, and two of our products featured in the top 3. This is a testament to our efforts towards customer satisfaction and we continue to take all measures to delight our customers.





SUSTAINABILITY PILLAR : PRODUCT STEWARDSHIP



ENVIRONMENTAL IMPACT OF PRODUCTS

Hero MotoCorp has initiated life cycle assessment (LCA) of all the products and analysis of the overall environmental impact of the product, right from its birth as an idea, to design, development and usage till the end of their useful life and disposal. The development of all our products is done after assessing the findings and conclusions of LCA as part of 'green regime'. Life cycle assessment helps in identification of hot spots and incorporating them into product design and development at every step.

CASE STUDY: LIFE CYCLE ASSESSMENT OF HF DELUXE

In line with the HATS 2020 target, Hero MotoCorp has taken several initiatives to build in house capability for LCA assessment and has begun the LCA journey with HF Deluxe. The objective of the LCA study was to understand & document by facts and figures the actual environmental performance of HF Deluxe vehicle for various impact categories with key focus on primary energy consumption, GHG emissions, acidification potential, blue water consumption, primary energy demand, and photochemical ozone creation potential with a cradle to grave approach. The typical life cycle of the HF Deluxe includes raw material extraction, machining, assembly, testing, maintenance, use phase, and end-of-life phase. With the help of the study, the Company was successful in identifying the status of the environmental performance of the HF Deluxe. The Company aims to utilize the findings and improve the sustainability of future products. From the study it was identified that over the cradle to grave life cycle for HF Deluxe for a life, maximum impacts occur during the use phase followed by

manufacturing phase except for Abiotic Depletion Potential (ADP), Ozone Depletion Potential (ODP) and Human Toxicity Potential (HTP).



LIFE CYCLE ASSESSMENT





In order to strengthen product innovation, we have set up Hero tech center Germany GmbH is a realization of our aspiration to build an R&D eco-system that is spread across global geographies. The Hero tech center in Germany will be a source of modern technologies with a focus on the global customer base.

PRODUCT INNOVATION

Hero MotoCorp established the Hero Tech Center Germany GmbH its first Research and Development (R&D) Center at a global location. A wholly-owned subsidiary of Hero MotoCorp Limited - the new Center of technology - located at Stephanskirchen near Munich in Germany - will operate in tandem with Hero's Global R&D hub, the Center of Innovation and Technology (CIT) and will be under the direct supervision of Chief Technology Officer (CTO) at Hero MotoCorp. The Center will initially focus on development of new vehicle concepts and future technologies and will also be the epicenter for Hero's motorsport team - the Hero MotoSports Team.

I3S - IDLE - STOP - START - SYSTEM

Hero MotoCorp's patented i3S is a proven technology which enhances fuel efficiency and promotes eco-efficiency. i3S improves fuel efficiency by up to 5% and ensures carbon footprint reduction in the use phase of the product. We have been including this technology in all our new models and also incorporating it in the existing models as well.

HERO HATCH

We encourage the culture of innovation within the organization. To take this journey forward, we have taken our first step towards initiating start-ups within Hero. In September 2018, we have launched a unique initiative known as "Hero Hatch". For this, we have selected a bunch of passionate hatchers within the organization through the comprehensive and exhaustive selection process. Through this process, 19 hatchers have been selected. Hatch team has been working on several different projects of strategic importance to the organization.



Hatch team does have a lot of privileges, but it comes with an added sense of responsibility, workload and managing everything on their own. Hatch team has to prove their mettle at every stage and going through the same grind that any start-up goes. They have to sacrifice their weekends to meet the deadlines and work alongside the mechanics.



SUSTAINABILITY PILLAR : PEOPLE



At Hero MotoCorp, we aim to build and sustain a culture that is more diverse and inclusive, open to new ideas and overlooks the boundaries of age, organization level, gender, region, caste etc. We strive to build a workplace that nurtures individual joy and growth while maximizing performance. We firmly believe that our employees are our biggest strength and a vital stakeholder in contributing to sustainable growth of Hero MotoCorp. With more than 8,500 permanent employees across all our five Indian manufacturing plants, our corporate office and global parts centre (GPC), it is our constant endeavour to make our company a place that people aspire to work for. Hero MotoCorp maintains a culture of diversity and inclusion, upholds disciplined employment practices, and offers robust training and benefit programs that promote employee retention.





OUR WORKFORCE

As on March 31, 2019, nearly 3.3% of our permanent workforce was female and 96.7% was male. 100% of our permanent employees are covered under performance evaluation and feedback process. We cultivate a diverse workforce of highly talented individuals who are dedicated to integrity and high-quality work. We also aim to offer equal opportunities to people of all working ages. The category and gender-wise details of the workforce for FY18-19 are presented in the table below:

Workforce	FY 19	FY 18
Total number of employees	8,551	8,266
Total number of employees hired on temporary/contractual/casual basis	22,992	24,690
Number of permanent women employees	279	256
Employee associations recognised by management	<ul style="list-style-type: none">Hero MotoCorp Workers Union, Gurgaon PlantHero MotoCorp Workers Union, Dharuhera Plant	<ul style="list-style-type: none">Hero MotoCorp Workers Union, Gurgaon PlantHero MotoCorp Workers Union, Dharuhera Plant
Percentage of permanent employees who are members of this recognised employee association	All confirmed workers are part of the association	All confirmed workers are part of the association

During the reporting period, Hero MotoCorp recruited a total of 862 employees across management and permanent worker categories. The breakup across age groups and genders is shown in the table below.

Recruitment FY 18 -19	Age Group			Gender		Total
Breakup of personnel	< 30 yrs.	30-50 yrs.	> 50 yrs.	Male	Female	
Management	459	177	2	577	61	638
Permanent Workers	54	167	3	224	0	224
						Total 862
Recruitment FY 17-18	Age Group			Gender		Total
Breakup of personnel	< 30 yrs.	30-50 yrs.	> 50 yrs.	Male	Female	
Management	436	134	5	478	97	575
Permanent Workers	28	38	-	66	-	66
						Total 641

We assess employee turnover across different demographics of employees to uncover the causes for the same. We define employee turnover as the number of employees who leave the organization voluntarily or due to dismissal, retirement, or death in service.

Turnover FY 18 -19	Age Group			Gender		Total
Breakup of personnel	< 30 yrs.	30-50 yrs.	> 50 yrs.	Male	Female	
Management	221	187	90	459	39	498
Permanent Workers	1	21	50	72	0	72
					Total	570
Turnover FY 17-18	Age Group			Gender		Total
Breakup of personnel	< 30 yrs.	30-50 yrs.	> 50 yrs.	Male	Female	
Management	174	151	65	359	31	390
Permanent Workers	0	44	36	80	0	80
					Total	470

We believe in providing fair compensation to all our employees irrespective of their seniority, employment terms, gender, etc. We pay well above the specified minimum wage for all our contractual workers.

PROJECT TEJASWANI

till March 2019, we had around 350 female employees on the shop floor around all the locations.



DIVERSITY & INCLUSIVENESS

Hero MotoCorp has set itself the aim of becoming a truly Global entity in terms of size, customer reach and technology, which isn't possible without having diversity, equal opportunity and inclusion. Our D & I vision statement of making Hero MotoCorp, a truly inclusive organization with a culture that values, respects and encourages diversity, reinforces that aim.

Focused efforts in the direction of diversity & inclusion have enabled us to improve the gender diversity from 2.3% to 3.3% within 3 years, attract more than 25 expats from

10 countries, engage specially-abled persons and deploy women on shop floor. Today, we have women at shop floor at our Gurgaon, Haridwar, Neemrana and Halol factories. We as an eco-system, have embarked upon a journey of cultural transformation which not only aligns but will help achieve our mission of transforming the world of mobility.

We have successfully concluded the D&I diagnostic study which was done across the organization to understand our current pulse. We are also conducting gender sensitization sessions across the organization as a part of this effort.

WOMEN ORIENTED POLICIES

As we progress in our journey of becoming a truly global company, we have framed a number of policies across the Company to make us a more employee friendly organization

- Enhanced Maternity & Paternity Leave.
- Special OD for Employees for special occasions, tending to personal commitments.
- Enhanced Travel & Accommodation allowance for women.
- Special provision for women members, who have kids less than 3 years of age. They can take the kid and one care-taker with them on business tour. In such cases, women employee can claim 100% travel expenses and up to 130% of Lodging and Boarding entitlement amount as per Grade.
- Spouse Policy: To further enable co-habituating ecosystem for our members, all employees (E1 to M3) can refer their spouse for open positions, providing they meet the eligibility criteria.

We also celebrated Women's day on March 8, 2019.



TRAINING PROGRAMS FOR "SPECIALLY-ABLED EMPLOYEES"

We endeavor to make Hero MotoCorp a workplace which is conducive for specially-abled employees. We aim to make these employees self-confident through an array of events, forums and trainings specifically crafted for their benefit. Training plans are being designed for the specially-abled with a special focus on personality development.

WOMEN IN LEADERSHIP BATCH 2 CONVOCATION

Women's day at Hero MotoCorp marked the successful completion of Batch 2 of Women in Leadership (WIL) Program. WIL program was launched in association with BML Munjal University with an aim to build the leadership pipeline of women executives in the organization. The program has been specially designed for women in mid and junior level of management so that they can realize their leadership potential and make significant contribution to themselves and the organization.

The Graduation ceremony of the 21 Young Women Executives of Batch 2, was held at Vasant Kunj office, New Delhi. Each participant was also assigned a coach during the program to strengthen the reflective learning

process that aims to enhance the self-awareness of individuals. The program involved three working days of participants each month starting from the month of June 2018 onwards. The assessments were based on their participation in activities, quizzes and evaluation by the faculty on the assignments given during each module.

We endeavor to make Hero MotoCorp a workplace which is conducive for specially abled employees and employees with special needs. We aim to make these employees self-confident through an array of events, forums and trainings specifically crafted for their benefit. Training plans are being designed for the specially abled with a special focus on personality development.



TALENT RECRUITMENT & RETENTION

Employment decisions including hiring, performance appraisals, promotions and discharge are based on employee's qualifications, skills and performance without any bias. We also encourage local employment in the workforce and majority of our employees at the plants are domestically recruited. We strive to provide an environment conducive for continuous innovation and improvement by rewarding our employees for aligning their efforts with the Company's business goal.



HERO CAMPUS CHALLENGE: SEASON 4



Our flagship Campus engagement programme is a national level competition where the Country's best minds lock horns to find innovative solutions to live problems and generate fresh ideas for the future - thereby bringing students closer to reality and making them industry ready! Season 4 of HCC hit a record of 8700+ team registrations. These teams underwent multiple stages of evaluation and 10 finalists were given the chance to pitch their ideas to the leadership team and respected jury in a grand ceremony. In the B-School category, Team Falconz from IIM-Raipur won HCC Season 4, and Team Wizards from MDI-Gurugram stood as runners-up and in the engineering college category, Team Avishkar from BIT-Durg won HCC Season 4 and Team Young Innovators from NIT-Raipur were the runners-up.

EMPLOYEE ENGAGEMENT

HERO JOYFEST: Involving families of our employees

We at Hero believe in celebrating our achievements and milestones with our loved ones. After all Joy – shared is doubled. This year's Family Day was themed the 'Joy Fest' to celebrate our achievements and success with our loved ones. Hero Joy Fest 2019 was celebrated on 17th February 2019 in Delhi NCR where over 1500 of our Hero family members spent

a day packed with fun, games & cultural activities. The event saw the presence of famous sport personalities like R Ashwin, Sardar Singh, Sharmila Nicollet and Punam Raut. The day ended with a splendid stage show performance by the popular rap music composer Badshah accompanied by Astha Gill.

DIGITAL INTERVENTIONS

Employee wellness and assistance programs on a mobile platform

These programs provide employees with confidential counselling services to address mental health concerns which often arise from stress and anxiety at workplace. Employees can also opt for nutrition services from the platform to improve their diet and physical fitness.

Digital HR ecosystem

We have come up applications for all talent management process and the entire cycle of Hire to Retire. These applications will enhance not only the employee experience, but also empowers them and their Leaders to drive the people processes at their end with minimal HR intervention.

Employee Central

This intervention will help drive all Employee information at the click of a button on anytime and anywhere basis

Alumni Portal

We have come up with a social platform for engaging with the Alumni of Hero MotoCorp Limited. This will ensure brand ambassadorship within the talent community.



Hero Sales Academy also launched First in Automobile Sales Learning domain -Mobile Game named: OPDOC.

KEY HIGHLIGHTS

- Based upon latest concept of Learning by Gamification
- Available in both iOS & Android platforms
- INNOVATIVE tool available for DSE to learn the Hero Sales Process OPDOC SM
- Xtreme 200R has been used in the game
- Officially recognized as an effective Adult Learning formula by researchers in the learning domain

EMPLOYEE BENEFITS

Employee benefits play an important role in the lives of employees as well as their families. We at Hero MotoCorp, provide comprehensive welfare benefits to our employees, including market competitive and fair compensation, rewarding employees for individual and business achievements.

Hero MotoCorp's Compensation philosophy revolves around the basic tenets of:

- Attract, Engage and Retain diverse talent pool through competitive rewards.
- Drive culture of high performance & meritocracy through differentiated rewards for high performance.
- Reward skills & competencies that create value for Hero MotoCorp.
- Provide long term opportunities for wealth creation for key talent across the organization.

OUR REWARD PRINCIPLES ENCOMPASS

 <p>Performance</p> <p>Hero MotoCorp is committed to differentiate sharply for performance. Star performers will receive much higher increments than the average performers. To create an exceptional organization we are aiming at strengthening 'pay for performance' culture in the organization.</p>	 <p>Position</p> <p>Hero MotoCorp has initiated the Job Analysis and Evaluation (JAE), Protect to look at each job and understand its worth in the organizational context. For every job, a market price is tagged. While taking compensation decisions, Hero MotoCorp would consider the worth of the job — internal as well as external, very closely.</p>	 <p>Efficiency and Effectiveness</p> <p>Hero MotoCorp is committed to maximize the effectiveness of its reward programs by bringing in best practices. The improved efficiency of our reward programs would be able to bring in fairness and equity and improve employee satisfaction.</p>	 <p>Equity</p> <p>At Hero MotoCorp, this principle indicates — fairness, justice, impartiality and honesty; free from self-interest, prejudice or favouritism; conforming to the established rules while taking the compensation decision for the employees.</p>
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Hero MotoCorp has implemented the following policies and initiatives which promote the welfare of all its employees:

- International SOS: International Travel Risk & Security Assistance
- Enhanced maternity leave policy from 144 days to 210 days (for up to 2 children) followed by 6 months' work from home option for two days per week
- Paternity leave of 6 days followed by 8 days of work from home - also applicable for adoption of up to 2 children
- Introduced adoption leave of 90 days for children up to 5 years of age
- Policy on employee mutual medical benefit scheme
- Superannuation / National Pension Scheme
- Post-Retirement Medical Insurance Fund Scheme

RESPECT FOR HUMAN RIGHTS

We respect the rights of our community members, the workers in our supply chain, our employees and other rights holders who may be affected by our operations. We conduct our business in a socially and environmentally responsible manner, respecting the law and universal human rights to benefit the communities where we work. Hero MotoCorp takes pride in its pro-activeness with respect to human rights issues. In the last financial year, there have been no complaints received relating to child labour, forced labour, involuntary labour. Further, there were two complaints received and resolved concerning sexual harassment at Hero MotoCorp.



SKILL DEVELOPMENT

We believe that our people are the most important assets providing sustained growth over the long-term. We consistently invest in the training of our employees within the Company and beyond, thereby enhancing the team's capabilities. This allows us to make our manpower up to date with the latest skills required to thrive in the industry today. We are also able to nurture our talent pool and promote from within rather than hiring from outside for managerial positions.

Apart from tiered development approach, we continuously work on strengthening the capabilities of our employees with the help of training programmes, on-the-job learning and special projects to bridge the identified gaps & ensuring future ready talent. We have also initiated formal 'Coaching' programs across various levels in the organization.

Our employees also participated in Hero i-Lead in partnership with Wharton Business School, Emerging Leaders Program [ELP] with Emeritus Business School Singapore, Future Leaders Program with IMT Ghaziabad and BML University and other programs at ISB, IIMs, and other reputed engineering and management institutes. Further, in our journey to create Leadership pipeline and break the glass ceiling for women, we successfully completed 2nd batch of Women in Leadership (WIL) program. Trainings imparted to permanent and contract employees are detailed out below.



Function	Training man-days FY18-19		Total	Training man-days FY17-18		Total
	Men	Women		Men	Women	
Senior Management	504	0	504	360	0.25	360
Middle Management	4,814	169	4,984	1,491	6	1,497
Junior Management	7,785	883	8,668	4,493	326	4,819
GETs/PGETs	1,199	192	1,391	3,825	824	4,649
Staff Total			15,546			11,325
Workers (Direct Employee)	13,322	0	13,322	9,015	0	9,015
Apprentices	12,108	102	12,210	5,370	55	5,425
Contract Labour	3,890	3	3,893	2,944	5	2,949
Others	44,323	1,623	45,946	36,913	911	37,824
Worker Total			75,371			55,213
TOTAL (Days)			90,917			66,538

Footnote:

The spikes observed in Training man-days is due to the following factors:

- During stoppages at Haridwar Plant; the team utilized that time towards engaging workforce through trainings.
- Last year Halol plant didn't report training, which is included this year for reporting purposes.

- As reported by Gurukul (Halol), the team as being the newest, have planned trainings for each employee on a monthly basis.

Also, the data of training man-days from GLC (Global Learning Center) doesn't include data from ZLC (Zonal Learning Centers) & ALC (Area Learning Centers)-which is awaited, will increase the figures further.

EXCELLERATOR CLUB PROGRAM

Excellerator Club was created 3 years back as a platform to recognize top performers of our organization and offer differentiated and customized learning opportunities to them. The club is reformed every year with the top performers at every level being part of this elite group. The club focuses on experiential rewards to help our performers sustain their performance and outperform themselves. This year the Club members were divided into 3 groups to provide them opportunities most relevant to their experience level. For instance, in February, the senior most members of the club attended sessions on 'Situational Leadership' – a world renowned program covering various styles of leadership conversations and adaptive leadership, developed by Ken Blanchard. Several such sessions are planned throughout the



year for members of this club to groom the future generation of leaders at Hero MotoCorp.

IGNITE PROGRAM

Developing Young Leaders in the organization has been a priority for our organization. To take this agenda forward this year, a unique journey was launched for 30 of our Management Trainees of 2017 and 2018 Batch to help them develop into more positive and focused individuals.

For this initiative, we partnered with the Recalibrate Team, who have been our constant aide for our employees in Hero Innovation Cell. This journey is a 3-month long journey for

the Management Trainees as well as their Managers which is about to culminate in April 2019. The cohort of Management Trainees is on a journey of self-discovery and personal excellence through workshops and one-to-one coaching sessions with professional coaches from the Recalibrate team. Their managers on the other hand are undergoing an Internal Coach Certification where they are being taught how to shift from a directive management style to a coaching style to yield better results in their teams.



IGNOU-HMCL TECHNICIAN COMPETENCY DEVELOPMENT PROJECT

Hero MotoCorp and Indira Gandhi National Open University (IGNOU) have initiated Technician Competency development project which will help upgrade the competency level of Motorcycle technicians. This program provides both open and distance learning courses organized across 40+ IGNOU and Hero MotoCorp learning centres. The curriculum for the course includes training on service and maintenance procedures, tools and equipment, transmission and electrical systems and entrepreneurship development. Since the inception, more than 500 technicians have been trained till now in five cycles of the program.

Further, it has been observed that most of the after-market technicians do not undergo any formal training or professional course and have learnt the repairing work on their own by working in open garages. This development program is of great value to such technicians, as on successful completion of this course they get a formal recognition cobranded certificate (IGNOU and Hero MotoCorp) which provides them wider acceptability in industry.



CHATBOT - SALES LEARNING UPDATES

The Hero Sales Academy is pleased to Launch the CHATBOT on Hero Sales academy E-Learning portal www.heroopdocvideo.in.

Key highlights

- First in Automobile industry initiatives in the Sales Learning domain
- AI based innovative tool which answers all specification related queries of Hero products
- Available 24*7 on Hero Sales Academy E-Learning portal
- Online tool for staff to seek any Hero product related information & also during customer interaction.



CASE STUDY: GURUKUL, DHARUHERA

The Gurukul at Dharuhera was established in 2007, with an objective to reward creativity, stimulate innovation and contribute to economic development while safeguarding the public interest. Hero Gurukul signed an MOU with Automotive Skill Development Council (ASDC) which includes 20 various types of courses governed by the National Skills development corporation - NSDC under Ministry of Skills development Govt. of India. A pilot batch of 50 trainees underwent admission and got certified. Subsequently mass roll outs have happened under the ASDC courses since 2016 onward.

Currently, Hero is conducting following one-year courses Level - 3 & Level - 4 in the operational areas of the Organization: -

- Welding
- CNC operator/ Machining Technician
- Automotive service Technician (2&3 Wheeler)
- Automotive Painting Technician
- Vehicle Assembly Fitter/Technician
- Auto Component Assembly Fitter
- Maintenance Technician Electrical

Some of trainees also participated in the regional, state-level and zonal level Skill competition organized by NSDC, and won multiple accolades.





HEALTH & SAFETY TRAININGS

Some of the health and safety trainings which are organized at our facilities to engage employees and create positive attitude towards health & safety are:

- **IMS Awareness**
- **General Safety - Construction site**
- **HIRA; Aspect training**
- **Behavioural Safety**
- **Legal compliance training**
- **Chemical handling**
- **Electrical safety**
- **Fire prevention and protection**
- **General safety awareness**

SAFE WORKFORCE

A commitment to safety is an integral part of Hero MotoCorp. In addition, we're focused on creating a safe and ethical working environment in all our manufacturing plants and to further strengthen our efforts, we have established safety management systems to help prevent workplace accidents. Our goal is to achieve zero accidents. We follow both a reactive and proactive approach.

Reactive Approach

Analysis is performed for reported incidents to identify the reasons the incident and suggest mitigation/ avoidance based on the investigation.

Proactive Approach

Under the proactive approach, several initiatives of risk assessment, safety tagging, safety audit, Safety Kaizens, safety trainings, awareness creation and emergency preparedness are undertaken.

Safety continues to be of utmost priority at Hero MotoCorp. The substantial increase in near misses and hazard reports also indicates the increased safety awareness in the organization. During the reporting year, Hero MotoCorp clocked more than 1,50,000 hours of safety training to its permanent and contractual employees. The table below provides the safety related data for the last two years.

S. No.	Description	FY18-19	FY17-18
1	Near Misses/ hazard reports	9,691	6,172
2	Non - Reportable injuries (permanent + contractual)	131	119
3	Reportable injuries	1	3

An unfortunate fatality took place during lift maintenance activity at Halol where the service engineer of the service provider inspecting a faulty sensor of the lift on the roof of lift cage, who received head injury with the extended portion of the landing platform. While all safety permits and procedures were in place, the unfortunate incident occurred on account of inappropriate position of the service engineer on the lift cage. Based on the root cause analyses photo sensors and barrier guards have been provided on all sides of the lift cage roof to prevent any such re-occurrence.

SAFETY GYM - A Unique Concept

Hero MotoCorp has adopted a new technique of safety training for its employees in all its manufacturing plants. We have developed Safety Gym which is a kind of practical experience of the hazards the workmen are exposed to at their workplace. The new concept makes training more enjoyable and engaging. The safety Gym comprises of low cost, comprehensive education "FEEL FEAR" devices developed by the employees themselves.

It allows for mistake-driven learning where employees can safely make mistakes and can easily relate to unsafe situation and learn the importance to safety measures. This method of safety training has been very useful in training the new entrants who have no idea about the working of the machine.



HEALTH AND WELLNESS

Wellness at the workplace has been another important cornerstone of our journey. Hero motocorp continues to strengthen its wellness initiatives every year and aims at creating working environment which is healthy and motivating for its employees. We focus on both physical and mental health of our employees and encourage them to participate in various competitions and sports to keep them rejuvenated and energetic.

Employees from our Dharuhera plant won the state level Football, Volleyball and Shotput at the Industrial Worker's Sports Meet. Gurgaon Plant saw huge participation in events like Hero MotoCorp Football League, Hero Premier League, Femiquizzitive and Brain-o-Baazi for Technicians. In Haridwar, Leadership Cricket Match, Hero Utsav and Idea Camp were much appreciated events. CIT Jaipur saw enthusiastic participation in CIT Cricket League and had another successful season of Tech show.

Distance running events also act as an excellent wellness and fundraising platform for various noble causes, giving a sense of purpose to employees beyond their day to day responsibilities. At Hero MotoCorp, employees do their bit by participating and organizational support is provided by sponsoring employees in such events. Few such events are Airtel Delhi Half Marathon with theme - 'Run for a Cause', Pinkathon - India's Biggest Women's Run with the objective of spreading awareness about women's health related issues, breast cancer and Hero Impact Run where employees and their families run to support the families of our brave CRPF and Army personnel.



SUSTAINABILITY PILLAR : INCLUSIVE GROWTH



At Hero MotoCorp, we realize that the group as a large business entity has a critical role to play in the achievement of the sustainable development goals (SDGs) and this can only be achieved through sustainable business practices as well as focused investments.

Our CSR framework is planned to make maximum measurable impact through multiple social interventions. Our broad and transparent reporting mechanism, as well as two – way communication (which also includes third party assessments) with all stakeholders – investors, employees, customer, vendors, suppliers, governments as well as the communities around our areas of operation – helps us in assessing the wider impact of our business operations and strategizing each action to ensure that they help us in doing our bit towards meeting most SDGs targets set for 2030.

Our CSR Interventions are aimed at enhancing social and environmental capital along with facilitating the generation of adequate returns on our investment and strengthening our social license to operate. Our continuous commitment towards CSR is evident from our last four years (2015-2019) CSR spent, which is much more than the specified amount of 2% of Net Profit. Through our 'We Care' initiative, which is our CSR Umbrella, we are running following five flagship programmes successfully.

VISION

To have a Greener, Safer and Equitable world¹

GREENER



PROJECT COMPONENTS

Environment

- Large-scale planting
- LED & Solar lights
- Water conservation



SAFER



BE A ROAD HERO



PROJECT COMPONENTS

Road Safety

- Road Safety Training Parks &
- Road Safety Clubs
- Mass awareness campaigns

EQUITABLE



PROJECT COMPONENTS

Education

- School infra
- Remedial classes
- Digital education

PROJECT COMPONENTS

Community

- Mobile medical vans
- Eye-checkup van
- AIIMS vision centre

PROJECT COMPONENTS

Sports

- Support to sports academies
- Support to Paralympics
- Support to regional players

PROJECT COMPONENTS

Specially-abled

- Skills for employability
- Direct aids distribution
- Surgeries

We invested a total of INR 101.95 crore in the reporting period on various CSR interventions. The break-up of our CSR spending and the number of beneficiaries of our key programs are given below:

Initiative	Beneficiaries in FY19	Total beneficiaries till FY19
Ride safe India	1,97,231	5,03,305
Shiksha	1,10,208	3,67,103
Happy Earth	7,59,910 tree plantations	14,60,680 tree plantations
Arogya & Community Development	118,880	329,726
Be Safe Be Aware	75.6 Million	150.3 Million views

¹ For more details, please refer to Annual CSR Report



ADDRESSING ENVIRONMENTAL DEGRADATION

Towards a greener world

Hero MotoCorp believes that the greatest threats the world is facing today are from environmental degradation and climate change. We have taken the responsibility on our shoulder to combat these threats through our happy earth initiative.

Afforestation/large-tree plantation

Under the Hero Green drive the Company planted over 759,910 trees at Indore, Chennai, Ahmedabad, Sonipat and Delhi NCR region. We surpassed the 14 lakh saplings figure where our focus on ensuring survival of saplings continued and we were successful in maintaining around 90% survival rate this year as well. Local citizens, school students, professionals, and our employees volunteered for the plantation drive. The project has also helped in sustaining some species of plants that were on the verge of extinction.



Eco-friendly and alternative energy

Project Aarush: Aimed at encouraging alternative and eco-friendly energy resources, the project has two main components.

Replace traditional lamps with LEDs and skill the community to make and repair them

In continuation of our efforts to save energy and provide LED lamps in the remote villages of Uttarakhand, In FY19 we replaced 57,538 conventional lamps with 7W LEDs in 13,052 households in 304 villages of Kedar Ghati – home to survivors of one of the worst floods that the country had witnessed. Overall, 25,779 households using 108,308 LED lights will save over 30 million units of electricity per year.

Another focus of the project is inclusive development. The project is primarily owned by the local community wherein a few women and youth from each village are trained to make and repair LED lamps.

Solar Street Lights to save electricity and make villages safer

We have increased the penetration of solar street lights and installed 7,332 in 119 villages, taking the total to 13,597 street lights in 250 villages. More than 8 lakh people are benefitting from clean and green energy to light up some of the remotest villages in India – some of which have received streetlight for the first time. The women folk and children now feel safer in these villages. This Initiative is also saving about 8 lakh electricity units every year that would have been needed to power the street lights from electrical energy and Infrastructure worth hundreds of millions.

Water conservation

Cleaning and rejuvenating ponds, check dams and building rain water harvesting facilities in schools is our bit towards conserving water. In FY19, we managed to channelize over 75 lakhs litres of water in villages around our operations in Rajasthan.

Sanitation at rural schools

Project Swachh Vidyalaya Abhiyan: Continuing our efforts to provide better sanitation in government schools, In FY19, we have built 308 toilets along with hand washing facilities in 41 Government schools taking the total to 1,211 in 146 government schools. We also ensured that each toilet is well maintained and utilized. Soft interventions focused at awareness of hand washing and hygiene were also implemented. The outcomes of the Initiative suggest that attendance rates, especially that of girls, have increased across all schools and there have been minimal sick leaves indicating bettering health of students due to better hygiene.

Initiative	Our action & Impact in FY19	Our action & Impact till FY19
Tree plantation	7,59,910	14,60,680
Water storage capacity enhancement	75.5 Lakh litre	76 Lakh litre
Solar street light installation	7,332 in 119 villages	13,597 in 250 villages
LED bulbs installation	57,538 in 304 villages	1,08,308 in 332 villages
Toilet Built	308 in 41 Government schools	1,211 in 146 government schools



THE ROAD TO SAFETY

Towards a safer world

Every year more than 1,48,000 traffic collision-related deaths occur in India. The primary sources of such events are lack of awareness or carelessness of the individuals driving the vehicle. To address this issue, we have launched the Ride Safe India initiative. Through an initial impact assessment study, we have finalized our target audience for this initiative as riders, critically impacted, and the most likely to have an accident such as old people, under 15 and pedestrians. Under the gamut of ride safe India initiative, we establish and run traffic training parks, organize road safety awareness campaigns, and sensitize school children on road safety.

Safe riding trainings

Driver error is one of the major causes of road accidents and it can only be prevented through right riding and driving training. We manage eight road safety parks across the country that undertake two-wheeler riding training for school and college students as well as the general public. More than 5 lakh people benefitted through these parks till date including 1,97,231 people in FY19.

Road safety communities

In the last few years, Team Ride Safe India has established Road Safety Clubs in over 1,150 schools, creating a platform for constant engagement with children to sensitize them about road safety. The idea being to create a band of influencers who inspire their peers to be conscious and responsible citizens.

Awareness and behavioural change

Project 'Be a Road Hero' is aimed at encouraging people to take pride in being safe drivers and good Samaritans as well as to motivate and encourage others. The fundamental objective is to bring about a behavioural change that would ultimately make people realize that road safety is their collective responsibility and together we could bring down the mortality and accident rates in our country.

The campaign was launched with focused messaging using print, electronic and social media to reach out to as many people possible. Within a week of its launch, the campaign managed to create a community of over 27,600 people who pledged to 'Be a Road Hero Campaign'. Minister for Road Transport & Highways Mr. Nitin Gadkari also shared a video message on the campaign's website.

Initiative	Our action & Impact in FY19	Our action & Impact till FY19
Safe riding trainings	1,97,231 beneficiaries	5,03,305 beneficiaries
Road Safety Training Park establishment	1	8
Pledges during 'Be a Road Hero' campaign	27,600	27,600
TV, Print & Social media views of Road safety and awareness campaign	75.6 Million views	150.3 Million views



EMPOWERING GIRL CHILD

Towards an equitable world

Hero MotoCorp believes girls are the real assets of a nation. We realize that adolescence is a critical time that can determine the entire trajectory of a girl's life. Therefore, to recognize and celebrate the enormous potential that each young girl has, we have been promoting the Hamari Pari initiative. This program's fundamental aim is to enable girls to tackle the challenges that prevent them from realizing their full potential. Hamari Pari thus fosters education and opportunity and, in a broader sense, ensures a fair chance for each beneficiary girl.

Ek Pahal

'Ek Pahal' aims to make women self-reliant and empowered by teaching them two-wheeler riding's crucial skills. This initiative was undertaken by Hero MotoCorp Ltd. in partnership with the Haryana Government and the United Nations Development



Initiative	Our actions & Impact in FY19	Our actions & Impact till FY19
Skill development of girls, women and youth and their placement	18,038 beneficiaries	19,119 beneficiaries
Women Two-Wheeler Ride Center establishment	2	12

Program (UNDP) to teach two-wheeler riding to girls studying at the Haryana-based Women Industrial Training Institutes (ITIs). More than 2700 girls had enrolled under the Ek Pahal initiative for two-wheeler riding training during FY 19. Currently, 12 Ek Pahal centers are operational in Haryana.

Employability and livelihoods

Our livelihood training focused programme for girls and women from inferior social-economic backgrounds witnessed 18,038 female who completed their training in FY19. Most of females are gainfully employed with reputed companies while others are self-employed. Self-employed girls either work from their homes and earn handsome earnings, or work as freelancers with a few local salons or tailoring shops. The toppers were acknowledged at a formal graduation ceremony where they shared their journey of hope and success stories.



EMPOWERMENT THROUGH EDUCATION

Towards an equitable world

Since inception Hero MotoCorp has been playing its role in supporting education, knowledge sharing, and skill development. With our educate to empower program, we continually strive to tackle deep-seated issues within India's education system holistically.

Project Shiksha

The initiative is focused on creating an enabling, encouraging and motivating education environment at schools. The idea is to create a permanent infrastructure as well as an ecosystem to help improve the quality of education. The project has benefitted about 1.1 lakh students at more than 144 schools in

Dharuhera, Gurgaon, Haridwar, Neemrana, Jaipur and Halol in FY19. While some schools were given necessary renovation and painting jobs, newly built toilet blocks and sports facilities were received by some schools



Tab Labs and Smart classes

Technology has dramatically reshaped the way we work today and Hero MotoCorp has been quick to adopt this change in every front. Under our, Educate to Empower initiative we are not only building necessary school infrastructure but also introducing digital intervention for education. We have provided Tab lab and Smart Class facility to 20 schools of Gurugram and Rewari district of Haryana. With the introduction of digital technologies, learning has become fun and entertaining

for young students. For ten schools we have built smart classrooms with LED screens while for another ten we are providing tablets loaded with focused content. Digitization has not only helped students but has also helped teachers by simplifying difficult lessons. We believe proper career guidance at the right time is crucial for a personally determined and evolving preferred future; hence we provide career counselling to students of higher classes.



Lab on bikes

After the successful execution and acceptance of mobile science lab project, we have launched a similar initiative on motorcycles. Through this intervention, we have provided science lessons on a wide range of topics in physics, chemistry, and biology to government schools. The primary purpose for launching this initiative was to enhance our range

of impact and reach schools in the remote area where it was difficult for the van to reach. During FY'19, eight motorcycle labs were on the roads and had covered remote regions of Rajasthan, Haryana, and Delhi. In comparison to the mobile science lab, motorcycles science labs are efficient, cost-effective and readily available.



Hero Talent Search

It is a unique initiative where talented minds searched through various test in selected locations were provided necessary coaching support in class 10th. Students in such remedial classes also develop non-cognitive skills and are in a safe learning environment. The assumption is that these outputs are necessary and sufficient for students to be ready for board examination, which is the intended impact. Hero Talent Search program provided coaching support to 200+ students studying in government schools, coming from

marginalized section of community on basis of qualification marks, screening test and interview, these sessions are being delivered by professional in education field and with an added experienced, which is helping students in getting higher grades in 10th board. They would also be motivated to undertake professional courses in future as the whole program is based in developing students who are extremely talented but are devoid of any guidance, which enables them to crack entrance examination for leading universities and colleges across the country.

Initiative	Our action & Impact in FY19	Our action & Impact till FY19
Educational Infrastructure and ecosystem development in Schools	144 school supported, 1,10,208 beneficiaries	208 school supported, 3,67,103 beneficiaries
Hero Talent Search program	200 Students supported	200 Students supported



BUILDING HOPE AND SERVING HUMANITY

Towards an equitable world

Hero MotoCorp is committed to creating a meaningful, lasting difference in the lives of the people, communities and all other stakeholders. Therefore, we support communities in the vicinity of our operations in a holistic manner from taking care of basic health care facilities to providing basic infrastructure needs such as access to power and water. Through our CSR partners, we also engage in programs aimed at making rural women self-reliant, improving their wages, and fulfilling their dreams of becoming entrepreneurs.

Khelo Hero

Primary objectives of the initiative include increased access to sports facilities and training, promotion of sports culture among youth and support and development for talented sportspersons. So far, we have developed sports infrastructure in more than 50 schools, supported 1974 athletes including Paralympic athletes, extended support to amateur boxers training under legendry Mary Kom as well as supported state-level sports promotion initiatives such as Khel Mahakumbh in Uttarakhand. In FY19 alone we have supported around 1700 athletes and other sports personal.

Under Khelo Hero initiative Hero MotoCorp supported all participating Indian players of Asian Para Games 2018. Athletes with cerebral palsy, bilateral polio or loss of both legs below the knee and other such disabilities were the participant of Asian Para Games 2018. Through our 'Khelo Hero' program, we were successful in enhancing participation, and the performance of India's players at international level.

Special focus for specially-abled

One motivating story is all that is needed to create a ripple effect. So, it is the success story of one specially-abled person that ignites hope in thousands of others who might have lost confidence or have low self-esteem. Under Project Enable, we aim to create an inclusive and motivating environment for our specially-abled compatriots. To begin with, we provided prosthetic limbs to the needy ones along with job-oriented livelihood training to many. All this goes to show that a little help can bring about life-affirming changes for those who need nothing more than a leap of faith. In FY19, more than 2,300 poor disabled individuals benefitted through surgery, artificial limbs and crutches.

Healthcare

Four Mobile Medical Vans in Delhi, Dharuhera in Haryana, Neemrana in Rajasthan and Halol in Gujarat and one Mobile Eye Check-up Van in Delhi are benefitting more than one lakh people by providing medical assistance, basic treatment as well as medication. Another initiative focused at eye care is a Satellite Vision center which was set up with support from AIIMS, Delhi at village Malpura near our Dharuhera unit. The



Initiative	Our actions & Impact in FY19	Our actions & Impact till FY19
Supporting sports through sports facilities and trainings	1,729 beneficiaries	1,974 beneficiaries
Aid to Specially abled	2,399 beneficiaries	4,296 beneficiaries
Community development including free Medical treatment	1,18,880 beneficiaries	3,29,726 beneficiaries

center is accessible to over several villages in the vicinity. In far off areas, we continue to conduct eye care camps and cataract surgeries. During the FY 19, more than 2600 people benefitted from the same. Additionally, preventive health check-up camps were organized for over 5,000 students in 20 government schools. Adolescence education for girls and yoga for a health body and mind are also a part of this initiative.

SOCIAL RETURN ON INVESTMENT (SROI)

The Company has carried out impact analysis of all the projects and Social Return on Investment (SROI) for all key interventions. The social outcomes included measuring direct economic and social value to beneficiary; value addition to state and central government's objectives and programmes/schemes; increased productivity of beneficiaries; contribution towards sustainable development goals (SDGs); increased trust and loyalty of employees; perception of Hero as a socially and environmentally conscious brand among others.

As per the 3rd party evaluators, our SROI was among the highest in Industry with more than 200 % in all cases. Outcome of the evaluation are as following.

- Hero MotoCorp ranks No. 1 for being transparent in CSR reporting with all the information – all project details – available in the public domain
- Hero MotoCorp is amongst top 10 companies that do annual SROI assessments of all their CSR programmes.
- Hero MotoCorp is probably the only company to have achieved primary objectives/hypothetical outcomes of all large CSR programmes within three years of their implementation.
- Hero MotoCorp is amongst the top 10 most companies to have organized and structured



HERO MOTOCORP'S AMBITIOUS TARGETS FOR SUSTAINABILITY - HATS 2020

Hero MotoCorp has carefully crafted its sustainability strategy and committed to Hero MotoCorp's Ambitious Targets (HATS) for sustainability in our first sustainability report for FY18. Our sustainability strategy rests on five pillars under which we have identified focus areas and measurable KPIs to track progress.

We continuously identify the indicators where we are lagging and take appropriate remedial actions wherever necessary. The figure below illustrates our HATS targets. We are on track and progressing towards our targets.



The baseline for environmental initiatives is FY11, unless specified otherwise. There are multiple indicators and targets which have been adopted by Hero MotoCorp and we envisage to keep strengthening our systems to track these indicators so that we can increase the public reporting on our HATS targets.

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305-1	Energy direct (Scope 1) GHG emissions	Energy & GHG	23
305-2	Energy indirect (Scope 2) GHG emissions	Energy & GHG	23
305-4	GHG emissions intensity	Triple Bottom Line Highlights	09
305-6	Emissions of ozone-depleting substances (ODS)	Air emissions	27
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GRI 306 Effluents and Waste			
306-1	Water discharge by quality and destination	Water	24
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GRI 307 Environmental Compliance			
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GRI 401 Employment			
401-1	New employee hires and employee turnover	Our workforce	36
401-2	Additional benefits provided to full-time employees	Talent recruitment & Retention	39
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GRI 403 Occupational Health and Safety			
403-1	Workers representation in formal joint management-worker health and safety committees	Safe workforce	46
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GRI 404 Training and Education			
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404-2	Programs for upgrading employee skills and transition assistance programs	Skill development	43
GRI 405 Diversity and Equal Opportunity			
405-2	Ratio of basic salary and remuneration of women to men	Our workforce	36
GRI 406 Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	Talent recruitment and retention	39
GRI 416 Customer Health & Safety			
416-1	Assessment of the health and safety impacts of product and service categories	Customer satisfaction	30
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Compliance	16
GRI 417 Marketing & Labelling			
417-1	Requirements for product and service information and labelling	Compliance	16
417-3	Incidents of non-compliance concerning marketing communications	Compliance	16
GRI 419 Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance	16

ASSURANCE STATEMENT



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Independent Assurance Statement

Ernst & Young Associates LLP (EY) was engaged by Hero MotoCorp Limited (the 'Company') to provide independent assurance on its Sustainability Report 2018-19 (the 'Report') covering the Company's sustainability performance during the period 1st April 2018 to 31st March 2019.

The development of the Report based on the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards), its content and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Assurance standard

Our assurance is in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), and our conclusions are for 'limited' assurance as set out in ISAE 3000.

Scope of assurance and methodology

The scope of our work for this assurance engagement was limited to review of information pertaining to environmental and social performance for the period 1st April 2018 to 31st March 2019. The scope of assurance boundary includes five Indian manufacturing plant sites at Dharuhera, Gurgaon, Haridwar, Neemrana and Vadodara, Global Parts Centre (GPC) at Neemrana, Centre for Innovation and Technology (CIT) in Jaipur and corporate office in Delhi. We conducted review, on a sample basis, review and verification of data collection/calculation methodology and general review of the logic of inclusion/ omission of necessary relevant information/data and this was limited to:

- Review of consistency of data/information within the report as well as between the report and source;
- Desktop review of data, on a selective test basis, through consultations at the Company's corporate office at Delhi, for the following units/ locations:
 - Neemrana (Rajasthan)
 - Haridwar (Uttarakhand)
 - Vadodara (Gujarat)
 - CIT (Rajasthan)
 - GPC (Rajasthan)
- Site-level physical verification of the sample data and information at the following units/ locations:
 - Dharuhera (Haryana)
 - Gurgaon (Haryana)
- Execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in collection, transcription and aggregation processes followed;



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- Review of the Company's plans, policies and practices, pertaining to their social, environment and sustainable development, so as to be able to make comments on the fairness of sustainability reporting.

Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2018 to 31st March 2019);
- Review of the 'economic performance indicators' included in the Report which, we have been informed by the Company, are derived from the Company's audited financial records;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention;
- Data, statements and claims already available in the public domain through Annual Report, Corporate Social Responsibility Reports, or other sources available in the public domain;
- Review of the Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our Climate Change and Sustainability network, and undertakes similar engagements with various Indian and international companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

Observations and opportunities for improvement

During the review process, we observed that:

- The Company continues to uphold its commitment on transparently communicating its sustainability performance by publishing its Sustainability Report as per the 'in-accordance' core criteria of the Global Reporting Initiative's GRI Standards.
- The Company has been working on enhancing robustness of data management for sustainability performance reporting. The Company may further strengthen its internal review system for improving accuracy of the data pertaining to training man-hours, workforce, and waste indicators.

Conclusion

On the basis of our procedures for this limited assurance, nothing has come to our attention that causes us not to believe that the Company has reported on sustainability issues relevant to its business.

Ernst & Young Associates LLP

Chaitanya Kalia

Partner

Dated: 28th November 2019

Place: Mumbai, India

GLOSSARY

ADP	Abiotic Depletion Potential
ALC	Area Learning Centres
ASDC	Automotive Skill Development Council
EPR	Extended Producer Responsibility
ERM	Enterprise Risk Management
FLC	Foldable Large Container
GJ	Energy in Giga Joule
GPC	Global Parts Centre
GRI	Global Reporting Initiative
GHG	Green House Gas
GVDP	Green Vendor Development Program
HATS	Hero MotoCorp's Ambitious Targets
HTP	Human Toxicity Potential
IC	Internal combustion engine
IGBC	Indian Green Building Council
ISAE	International Standards on Assurance Engagement
ISO	International Organization for Standardization
kWh	Kilo Watt Hours
KL	Kilo Litre (1 KL = 1000 Ltr)
Kg	Kilogram
LCA	Life Cycle Assessment
LED	Light Emitting Diode
MLP	Multi-layered Plastic
MW	Mega Watts
NOx	Nitrogen Oxides
ODP	Ozone Depletion Potential
PRO	Producer Responsibility Organization
PM	Particulate Matter
RDF	Refuse Derived Fuel
RTO	Regenerative Thermal Oxidizers
SOx	Sulphur Oxides
SCOPE	Supplier Certification of Parts
SDGs	Sustainable Development Goals
SIAM	Society of Indian Automobiles
tCO2e	Tons of Carbon dioxide equivalent
VOC	Volatile Organic Compounds
ZLC	Zonal Learning Centres

NOTES

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